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SUBJECT: TOURISTS CANCEL IN WAKE OF PKK BOMBINGS

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This is a joint Congen Istanbul - Embassy Ankara cable.

¶1. (SBU) Summary. Government and private sector tourism contacts confirm substantial tourist cancellations, particularly in Mediterranean and Aegean resort hotels, following the recent wave of PKK bombings, but are not alarmist about final tourism numbers for 2006, which they expect to be down only slightly from last year. Officials blame European package tour operators for what they perceived as a knee-jerk and unfair response to the bombings, including diverting travel from Turkey by offering penalty-free trip cancellations and promising re-bookings to other destinations. End Summary.

Mass Cancellations in Wake of Bombings

¶2. (SBU) Government and industry contacts confirm substantial cancellations following the recent wave of bombings in tourist areas of western Turkey, including the prime tourism centers of Antalya, Marmaris and Istanbul (ref A). Ministry of Culture and Tourism Director General for Investment Senol Aydemir, who was attending a conference in Antalya when the bombings occurred, described widespread vacancies at five-star hotels for two to three days as pre-booked tourists stayed away, presumably waiting to see if there would be more bombings. Although many eventually showed up a few days late, he estimated that as many as 90,000 tourists ultimately canceled vacations in Antalya (mainly at resort hotels) following the bombings. Based on that figure, he speculated that nationwide cancellations could be considerably higher.

¶3. (SBU) Aydemir speculated that absent the recent bombings, the tourist arrivals might have reached 23 million by the end of 2006, up from 21 million in 2005. However, although arrivals prior to the bombing-linked cancellations were up 1% in August 2006 compared to August 2005, totals were down 4.9% for January through August 2006 compared to the same period in 2005. Post-bombings, GOT officials and the Istanbul-based Tourism Investors' Association (TIA) now expect full year numbers to be on par with last year, when 21 million tourists spent \$18 billion.

¶4. (SBU) Efforts by the tourism industry to control damage in the bombings' aftermath included a mailing to culture and tourism attaches in thirty-two countries that condemned terrorism and urged international support, and asserted that Turkey is redoubling security efforts. For example, a project to install security cameras was underway in at least one tourist area in Antalya prior

to the recent wave of bombings, and the government plans to expand the project to Bodrum and Kusadasi in the near future.

Bird Flu, Murdered Priest, Soccer Woes, and Competition

¶15. (SBU) The bombings only added to the sector's recent woes. Aydemir listed a number of "unfortunate events" in late 2005 and 2006 that contributed to the year-to-date decline. Negative publicity surrounding the bird flu outbreak, the murder of a priest in Trabzon, and the Turkish National Soccer team's assault on Swiss players following a World Cup qualifying loss marred Turkey's image in Western Europe according to Aydemir. Culture and Tourism Ministry Director General for Marketing Ozgur Ozaslan and other sectoral contacts also insisted that the Danish cartoon crisis tarnished Turkey's image abroad, given that potential visitors were not able to differentiate Turkey from other Muslim countries that reacted more violently to the cartoons. Tourism Investors' Association Secretary Genral Nedret Koruyan also cited increased competition from other Mediterranean destinations, particularly Greece and Spain, as well as a GOT decision to contract with a new tourism promotion agency in November 2005. Tourist complaints about the inadequate infrastructure in Antalya, as well as environmental concerns, might have also been factors.

Turkish Officials Critical of Tour Operators

¶16. (SBU) "Unfortunate events" aside, perceived "bullying tactics" by European tour operators, notably German-based TUI -- the world's largest tour operator --and UK-based Thomas Cook drew harsh criticism from tourism sector contacts. Aydemir explained that European tour operators' attendance at tourism fairs in March and

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April 2006, and subsequent negotiation and finalization of contracts with Turkish hotel operators in late April, signaled a preview of the likely decline in European tourist arrivals for 2006. He noted that European tour operators, unhappy with declining profit margins in Turkey (as prices for resort tourism gradually increased due in part to the strong lira), attempted to use the negative publicity surrounding Turkey to negotiate cheaper hotel rates. When hotel owners refused, tour operators threatened to divert customers to other destinations.

¶17. (SBU) Marketing DG Ozaslan decried a "double standard" he saw in the bombings' aftermath. After the recent bombings in Turkey, TUI and Thomas Cook immediately posted statements on their websites promising penalty-free cancellations and offering re-bookings to other destinations, whereas European tour operators did not divert tourists from travel to Sharm El Sheik, Egypt after bombings ripped through tourist areas there last year.

Damage Control: Dim Outlook for 2007

¶18. (SBU) Our contacts declined to speculate on the possible effects the bombings might have on tourist bookings for 2007. Ozaslan described the Ministry's promotional activities to be launched shortly in Europe and the U.S. to repair the damage done in 2005 and 2006. Turkey will continue to host journalists, producers, and professionals --more than 3,000 people last year -- as a part of its promotion campaign to combat misperceptions regarding Turkey. He emphasized such misperceptions of Turks and Turkey were prevalent in Europe, not the U.S.

¶19. (SBU) In an interesting new trend, arrivals from Germany and other European countries declined in 2006, but the number of visitors from Russia, Japan, Korea, and the United States increased. Turkey remains the number one tourist destination for Russians. From January through July 2006, 300,000 Americans vacationed in Turkey, a 26% increase compared to the same period in 2005. Ozaslan noted that before the events of 9/11, more than 500,000 American

tourists visited Turkey. He hoped that same number would be reached by the end of 2006. Ozaslan hopes Turkey's unveiling of the Turkish village at Disneyworld's Epcott Center at the end of 2006 will serve to further boost American tourism to Turkey.

¶10. (SBU) Aydemir and Tourism Investors Association Secretary General Koruyan cautioned that this year's stagnant tourism statistics need to be put in the context of the extraordinary growth in Turkish tourism over the past four years. Aydemir characterized the 20% annual increase in general tourism during this period as "beyond the expectations of the world tourism industry." Still, matching or even exceeding the 2005 highpoint of 21 million visitors could prove difficult. Given the majority of Turkey's European-origin tourists travel on package tours, and in light of the mass cancellations to Antalya in the wake of the August bombings, regaining tour operator confidence in Antalya as a beach vacation destination will be key.

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